

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK

AMEMBASSY MANILA

AMEMBASSY SEOUL

C O N F I D E N T I A L STATE 032752

FOLL REPEAT STATE 032752 ACTION TAIPEI 13 FEB 75 QUOTE

C O N F I D E N T I A L STATE 032752

E.O. 11652:GDS

TAGS: ETRD, KS, RP, TH, TW

SUBJECT: COTTON CONTRACT PROBLEM

1. BEGIN UNCLASSIFIED. FOR YOUR INFORMATION, FOLLOWING
IS TEXT OF REUTERS ITEM DATED WASHINGTON, FEBRUARY
11 ON USE OF CCC CREDIT TO FINANCE OVERDUE COTTON CONTRACTS.

2. QUOTE: THE US IS PREPARED TO LEND TAIWAN 25.0
MILLION DOLS. WORTH OF 3-YEAR CREDIT TO HELP IT PAY FOR
US COTTON ALREADY CONTRACTED FOR DELIVERY THIS MARKETING
YEAR, ASSISTANT SECRETARY OF AGRICULTURE CLAYTON YEUTTER
REPORTED TODAY.

3. HE SAID THE AMOUNT OF US CREDIT - NOW APPROVED BY THE
NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND
FINANCIAL AFFAIRS (NAC) - WAS ONLY HALF THE AMOUNT REQUESTED
BY TAIWAN. HOWEVER, HE ADDED, DISCUSSIONS ARE ABOUT TO
START, AIMED AT GETTING THE TAIWANESE GOVERNMENT ITSELF
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TO MAKE A MATCHING AMOUNT OF 25.0 MILLION DOLS. WORTH OF

CREDIT ALSO AVAILABLE TO TAIWANESE COTTON IMPORTERS.

4.ACCORDING TO DATASUPPLIEDBY US EXPORTERS, TAIWAN STILL HAS ABOUT 400,000 BALES OF US COTTON TO TAKE BY THIS JULY 31 UNDER OUTSTANDING PURCHASE CONTRACTS.

5. SOUTH KOREA, WITH OUTSTANDING COMMITMENTS OF ABOUT 770,000 BALES OF US COTTON ALSO IS EXPERIENCING PROBLEMS FINANCING ITS PURCHASES AND RECENTLY ASKED THE US FOR AN ADDITIONAL 150.0 MILLION DOLS. FOR A 3-YEAR CREDIT. HOWEVER, YEUTTER SAID THE DEPARTMENT HAS NOT YET ASKED THE NAC TO APPROVE ADDITIONAL CREDIT FOR SOUTH KOREA. BEFORE TACKLING THE MORE DIFFICULT PROBLEM POSED BY SOUTH KOREA, THE DEPARTMENT FIRST WANTS TO DEAL WITH THE EASIER-TO-SOLVE DIFFICULTIES INVOLVING SUCH COUNTRIES AS TAIWAN AND THE PHILIPPINES, YEUTTER ADDED. THE PHILIPPINES WITH ABOUT 110,000 BALES OF CURRENT SEASON'S COTTON CONTRACTS OUTSTANDING ALREADY HAS RECEIVED 20.0 MILLION DOLS. WORTH OF US CREDIT. UNQUOTE. END UNCLASSIFIED

6. BEGIN CONFIDENTIAL. FOR TAIPEI. REFERENCE TO GROC PROVISION OF FUNDS IN AMOUNT MATCHING DOLS. 25 MILLION CCC CREDIT IS LIBERAL PARAPHRASE OF PARTIAL QUOTE. USG POSITION, TRANSMITTED SEPTEL, IS THAT GROC SHOULD ARRANGE PROVISION THROUGH LOCAL BANKS OR ITSELF PROVIDE FINANCING FOR THE BALANCE REPEAT BALANCE OF THE OUTSTANDING CONTRACTS NOT COVERED BY CCC CREDIT. END CONFIDENTIAL. INGERSOLL

UNQUOTE INGERSOLL

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